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Opening Statement of U.S. Senator Chuck Grassley of Iowa  
Hearing of the Committee on Finance  
Seizing the New Opportunity for Health Reform  
Tuesday, May 6, 2008

I want to welcome Secretaries Thompson and Shalala. You both have great expertise in trying to manage and reform health care. Secretary Thompson, as Wisconsin Governor you reformed Wisconsin's Medicaid - Badger Care - program. And during your tenure, Congress enacted the Medicare Part D prescription drug program, which helped modernize Medicare coverage. Secretary Shalala, you were part of the Clinton Administration's plans for national health care reform and then the State Children's Health Insurance Program, or SCHIP. Both of you have overseen the Medicare and Medicaid programs. Your experiences have given you insight into what Congress reasonably might do to help make health care - and health insurance - more affordable. Because despite everyone's best efforts, health care costs continue to grow rapidly.

As health care has become more expensive, by definition health insurance has as well. If insurance were more affordable, many of the nation's 47 million uninsured people would have insurance. It was hard for people to afford health coverage before. But with gas prices rising so rapidly and the economy slowing, more Americans will have trouble paying for health insurance. In Iowa, as in other parts of the country, farmers, small businesses, and many others are getting priced out of the market. And Iowa has lower health care costs than many parts of the country. Things are much worse in higher cost states.

It is a growing issue and Congress needs to take some steps to make sure people can buy insurance. We know that people without insurance often cannot afford health care. And people with insurance are anxious about losing it. We need to figure out how to make the health insurance market work better so people can buy coverage that suits them.

It makes the most sense to build on the private health insurance system. As you all know, people are used to their employers providing health benefits. They like that their employers work with the insurers and brokers to find a plan for them. They like that their employers take care of the billing. They like that their premium contribution automatically comes out of their paycheck. And by and large they are satisfied with their health plans.

We learned 14 years ago during the Clinton health plan debate that even in the midst of

calls for change, many people like what they have. So health reforms should not up-end the system and do harm while trying to help the folks without insurance. I also think we need to be prudent in taking on new obligations for the federal government.

The Finance Committee should take a look at what the tax code does and doesn't do to help Americans get health insurance. Some of my colleagues want to expand health care coverage through the government. They also believe that such an approach will make health insurance more affordable. I think we need to look into whether we can expand health care coverage by making the current unlimited income tax exclusion for employer-provided health insurance more equitable, while increasing the tax benefits for taxpayers purchasing non-group insurance.

This should not only increase coverage, but it would help low-income taxpayers better afford health care. There could be ways to increase the tax benefit for low-income workers receiving employer-provided health insurance, while placing middle- and upper-income taxpayers in the same tax position they hold under current law. We can simultaneously provide taxpayers purchasing insurance on the non-group market with a substantive tax benefit for the first time. Tax policy can be a powerful force in not only expanding coverage, but a powerful force in making things affordable.

There are serious inequities in the tax system. These inequities make insurance much cheaper for rich people and more expensive for low-income folks. It just isn't right that someone buying health insurance for himself must pay with after tax dollars, while a person getting insurance through work pays with pre-tax dollars. So I think we need to look at the tax system and whether we can make changes there that would enable more people to buy insurance.

Any health care reform must be bipartisan. Everyone has an interest in health care and it is very important that we come up with ideas that people like and buy into. We need to help rural people as well as urban people who cannot afford coverage. At the same time, we need to look at the health care delivery system to encourage it to be more efficient.

These are very tough policy problems. I'm encouraged that the issue is back on the table. I look forward to the testimony and advice from our distinguished witnesses.